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11 UNITED STATES DISTRICT COURT
12 CENTRAL DISTRICT OF CALIFORNIA
13

14 SONY CORPORATION,

15 Plaintiff,

16 v.

17 VIZIO, INC.,

18 Defendant.
19

Case No. CV-08-01135-RGK(FMOx)

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
VIZIO'S MOTION TO FILE ITS
PROPOSED AMENDED ANSWER,
AFFIRMATIVE DEFENSES AND
COUNTERCLAIMS TO SONY'S
AMENDED COMPLAINT**

Date: TBD

Time: TBD

Judge: Hon. R. Gary Klausner

Courtroom: 850

22
23 Defendant Vizio respectfully requests the Court grant Vizio leave to file its
24 proposed Amended Answer, Affirmative Defenses and Counterclaims to Sony's
25 Amended Complaint. The proposed amendments include the addition of four
26 counterclaims of patent infringement against Sony for the infringement of Vizio's
27 recently acquired patents. Vizio's amendments also include the addition of two
28 counterclaims for declaratory judgment of noninfringement and invalidity of two of

1 Sony's asserted patents. The addition of the declaratory judgment counterclaims
2 conforms Vizio's counterclaims to its previously pled affirmative defenses of
3 noninfringement and invalidity. (Declaration of Steven J. Corr at ¶ 7 (hereafter
4 "Corr Decl.").)

5 **BACKGROUND**

6 Sony filed its original Complaint for patent infringement on October 10,
7 2008 (Docket No. 1) and an Amended Complaint on November 14, 2008 (Docket
8 No. 14). Vizio filed an Answer to Sony's Amended Complaint on January 26,
9 2009.

10 On April 6, 2009, the Court held a scheduling conference and entered a
11 Scheduling Order setting a fifteen (15) day time limit for the parties to move to
12 amend their pleadings. (Docket No. 48).

13 On or around April 6, 2009, Vizio acquired the following U.S. Patents (Corr
14 Decl. at ¶¶ 2-5.):

- 15 • U.S. Pat. No. 5,511,096 titled "Quadrature Amplitude Modulated Data
16 for Standard Bandwidth Television Channel," (hereafter "the '096
17 Patent").
- 18 • U.S. Pat. No. 5,621,761 titled "Rotationally Invariant Trellis Coding
19 Incorporating Transparent Binary Convolutional Codes," (hereafter
20 "the '761 Patent").
- 21 • U.S. Pat. No. 5,703,887 titled "Synchronization and Error Detection in
22 a Packetized Data Stream," (hereafter "the '887 Patent").
- 23 • U.S. Pat. No. 5,745,522 titled "Randomizer for Byte-Wise Scrambling
24 of Data," (hereafter "the '522 Patent").

25 The '096; '761; '887; and '522 patents (hereafter "the Vizio Patents") each
26 contain one or more claims that Vizio believes are infringed by Sony's digital
27 television products.
28

1 Vizio's counsel met and conferred with Sony regarding this motion under
2 L.R. 7-3. The parties conferred on April 14, 2009 but could not reach agreement on
3 the motion.

4 ARGUMENT

5 Rule 15(a) states that leave to amend a party's pleading "shall be freely given
6 when justice so requires." FED. R. CIV. P. 15(a). Such an amendment may include
7 the addition of counterclaims. FED. R. CIV. P. 13(f). "A claim which either
8 matured or was acquired by the pleader after serving a pleading may, with the
9 permission of the court, be presented as a counterclaim by supplemental pleading."
10 FED. R. CIV. P. 13(e).^{1,2} The Supreme Court has held that the filing of permissive
11 counterclaims furthers judicial economy as it allows all claims between parties to
12 be resolved in one proceeding. *See Baker v. Gold Seal Liquors, Inc.*, 417 U.S. 467,
13 469 n.1 (1974).

14 While the decision to grant or deny a motion for leave to amend is governed
15 by the district court's discretion, the Supreme Court has held that amendment of
16 pleadings is to be permitted unless the opposing party makes a showing of:
17 (a) undue delay, (b) bad faith, (c) undue prejudice, or (d) futility of amendment on
18 the part of the moving party. *Foman v. Davis*, 371 U.S. 178, 182, 83 S.Ct. 227, 9L.
19 Ed.2d 222 (1962). The Ninth Circuit applies this same liberal standard when
20 deciding motions for leave to amend. *See, e.g., Morongo Band of Mission Indians*
21 *v. Rose*, 893 F.2d 1074, 1079 (9th Cir. 1990) (stating that policy to freely grant leave
22 to amend should be applied with "extreme liberality").

23
24
25 ¹ A pleading may state as a counterclaim any claim against an opposing party
26 not arising out of the transaction or occurrence that is the subject matter of the
opposing party's claim. FED. R. CIV. P. 13(b).

27 ² The title of the pleading, whether "supplemental" or "amended" is not
28 determinative. *See U.S. ex rel. Wulff v. CMA, Inc.*, 890 F.2d 1070, 1073 (9th Cir.
1989).

1 **A. Vizio's Motion is Timely Under the Scheduling Order**

2 There has been no undue delay because Vizio filed its motion to amend
3 within the time period set by this Court for the parties to file motions to amend their
4 pleadings.

5 Vizio's counsel contacted Sony's counsel on April 14, 2009 to request
6 whether Sony would stipulate to Vizio's right to amend its answer. During the
7 conference, Sony asserted that Vizio had not provided the full twenty (20) days
8 notice as required under the Local Rules. Local Rule 7-3 states in part that:

9 [C]ounsel contemplating the filing of any motion shall first contact
10 opposing counsel to discuss thoroughly, preferably in person, the
11 substance of the contemplated motion and any potential resolution. If
12 the proposed motion is one which under the F.R.Civ.P. must be filed
13 within a specified period of time (e.g., a motion to dismiss pursuant to
14 F.R.Civ.P. 12(b), or a new trial motion pursuant to F.R.Civ.P. 59(a)),
15 then this conference shall take place at least five (5) days prior to the
16 last day for filing the motion; otherwise, the conference shall take
17 place at least twenty (20) days prior to the filing of the motion.

18 Sony's refusal to consent to Vizio's motion to amend its answer and
19 counterclaims is baseless. It is unreasonable for Sony to expect Vizio to provide a
20 full twenty (20) days' notice of this motion when the Court's deadline for filing
21 amended pleadings was only fifteen (15) days after the Scheduling Conference and
22 entry of the Scheduling Order setting the amendment deadline.

23 Local Rule 7-3 thus allows for a five day notice period in circumstances
24 where motions must be filed within a specified period of time under the Federal
25 Rules. *See* L.R. 7-3. Here, the Court's order requires motions to amend pleadings
26 be filed within a shortened period – only fifteen days later – therefore, pursuant to
27 Local Rule 7-3, Vizio's five days notice is sufficient and does not constitute undue
28 delay.

25 **B. Vizio Has Acted in Good Faith**

26 To oppose a motion for leave to amend on grounds of bad faith, a party
27 opposing the motion must show the moving party engaged in "sharp practice." *See*
28 *Morongo Band of Mission Indians v. Rose*, 893 F.2d 1074, 1079 (9th Cir. 1990).

1 Vizio has acted in good faith by promptly asserting the Vizio Patents upon
2 acquiring and analyzing them to determine which of the patents are infringed by
3 Sony. Vizio provided Sony with notice of its intention to amend its answer as soon
4 as it became aware that the parties were unlikely to settle the case before the fifteen
5 day deadline. Therefore, Vizio should be granted leave to amend its answer to add
6 counterclaims of patent infringement.

7 **C. Sony Will Not Be Unduly Prejudiced**

8 Where a party opposes a motion for leave to amend on the basis of undue
9 prejudice, the showing must be substantial. *See Morongo Band of Mission Indians*,
10 893 F.2d at 1079 (finding undue prejudice where the claims sought to be added
11 “would have required defendants to have undertaken, at a late hour, an entirely new
12 course of defense.”).

13 Sony has not, and will not be unduly prejudiced by Vizio’s amendment of its
14 answer because it will have an opportunity to respond to Vizio’s counterclaims.
15 Furthermore, discovery has just begun. The parties only recently served their first
16 round of discovery requests, no depositions have been noticed, and the discovery
17 cut-off is still more than six months away. (Corr Decl. at ¶ 6; Civil Minutes of
18 Scheduling Conference, Docket No. 47 (setting November 1, 2009 as the discovery
19 cut-off date)). The Amendment of Vizio’s Answer to add its counterclaims of
20 infringement will also not delay trial in this action.

21 **D. Vizio’s Counterclaims of Infringement Are Not Futile**

22 Vizio has the right to enforce the Vizio Patents under 35 U.S.C. § 271 as
23 plead in the proposed Amended Answer, Affirmative Defenses and Counterclaims
24 to Sony’s Amended Complaint. Vizio knows of no reason that its counterclaims
25 would be futile.

1 CONCLUSION

2 For the foregoing reasons, Vizio respectfully requests this Court GRANT
3 Vizio's motion for leave to file its proposed Amended Answer, Affirmative
4 Defenses and Counterclaims to Sony's Amended Complaint.

5 Dated: April 21, 2009

6 Respectfully submitted,

7 JONES DAY

8 By: 
9 Steven J. Corr

10 Attorneys for Defendant VIZIO, INC.
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1 **PROOF OF SERVICE**

2 I, Beth A. Marchese, declare:

3 I am a citizen of the United States and employed in Los Angeles County,
4 California. I am over the age of eighteen years and not a party to the within-entitled
5 action. My business address is 555 South Flower Street, 50th Floor, Los Angeles,
6 California 90071. On April 21, 2009, I served a copy of the within document(s):

7 **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF**
8 **VIZIO'S MOTION TO FILE ITS PROPOSED AMENDED ANSWER,**
9 **AFFIRMATIVE DEFENSES AND COUNTERCLAIMS TO SONY'S**
10 **AMENDED COMPLAINT**

11 by transmitting via e-mail or electronic transmission the document(s) listed above.

12 I am familiar with the United States District Court, Central District of
13 California, Western Division's practice for collecting and processing electronic
14 filings. Under that practice, documents are electronically filed with the court. The
15 court's CM/ECF system will generate a Notice of Electronic Filing (NEF) to the
16 filing party, the assigned judge, and any registered users in the case. The NEF will
17 constitute service of the document. Registration as a CM/ECF user constitutes
18 consent to electronic service through the court's transmission facilities. Under said
19 practice, the following CM/ECF users were served:

20 Kevin P.B. Johnson, Esq.
21 Quinn Emanuel Urquhart Oliver & Hedges
22 555 Twin Dolphin Drive, Suite 560
23 Redwood Shores, CA 94065

kevinjohnson@quinnemanuel.com

24 Steven M. Anderson, Esq.
25 Rory S. Miller, Esq.
26 Quinn Emanuel Urquhart Oliver & Hedges
27 865 South Figueroa St., 10th Floor
28 Los Angeles, CA 90017

stevenanderson@quinnemanuel.com
rorymiller@quinnemanuel.com

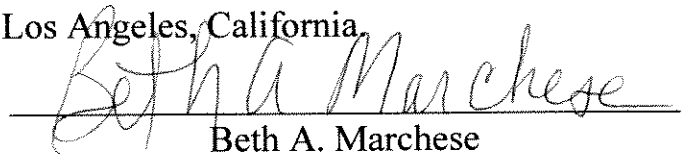
On April 21, 2009, I also served a courtesy copy, pursuant to the agreement
between the parties, by e-mail to opposing counsel at:

sony-vizio@quinnemanuel.com

I declare that I am employed in the office of a member of the bar of this court

1 at whose direction the service was made.

2 Executed on April 21, 2009, at Los Angeles, California

3 
4 Beth A. Marchese